

BOARD OF TRUSTEES
The MetroHealth System

Date: July 24, 2019

Time: 8:00 a.m.

Place: The MetroHealth System Board Room

Present: Ms. Anderson, Ms. Dee, Mr. Hairston, Mr. Hurwitz, Mr. Monnolly, Mr. Moss, Dr. Silvers, Ms. Whiting

Staff: Dr. Boutros, Dr. Boulanger, Ms. Brown, Dr. Chehade, Mr. Jones, Ms. Jacono, Ms. Kline, Dr. Lovich-Sapola, Mr. Phillips, Ms. Platten, Mr. Richmond, Mr. Stern, Ms. Wahl, Dr. Watts, Dr. Werner

Guests: Mr. Brian M. O'Neill, Chair, Board of Directors, The MetroHealth Foundation

MINUTES OF MEETING

The meeting was called to order by Ms. Whiting at 8:00 a.m.

(The minutes are written in a format conforming to the printed meeting agenda for the convenience of correlation, recognizing that some of the items were discussed out of sequence.)

1. Minutes

The Board approved the Minutes of the Regular Meeting of May 22, 2019. RESOLUTION 19300.

2. Consent Agenda

A. Audit and Compliance Committee

1. The Board unanimously approved the Code of Conduct for The MetroHealth System titled "This is Who We are", subject to changes relating to format or style and non-substantive changes including policy references. RESOLUTION 19301.

B. Community Engagement Committee - None

C. Diversity Committee - None

D. Executive Committee - None

E. Facilities and Space Committee

1. The Board unanimously authorized the transfer of title of the real property with parcel numbers: 008-18-001, 008-18-002, 008-18-003, 008-18-004, 008-18-047, 008-18-048, 008-18-049, 008-18-050, 008-18-051, 008-18-052, 008-18-053, and 008-18-058 to CCH Development Corporation. RESOLUTION 19302.
2. The Board unanimously approved the engagement of The Whiting - Turner Contracting Company as the System's construction manager at risk for construction services under a Guaranteed Maximum Price Agreement for the Main Campus

cafeteria and kitchen renovation work with aggregate costs not to exceed \$2,200,000, to be paid out of available capital funds previously approved through Board Resolution #19290. RESOLUTION 19303.

3. The Board unanimously approved the amendment of the agreement with HGA Architects and Engineers, LLC to provide additional architectural and engineering services for the Campus Transformation project. The total fees for this additional work shall not exceed \$18,000, for a total amended fee amount not to exceed \$34,360,953 to be paid out of capital funds previously approved through Board Resolution #19088. RESOLUTION 19304.
4. The Board unanimously approved the lease as more fully described in Attachment A. RESOLUTION 19305.
5. The Board unanimously approved the lease for space to establish a clinical service location as more fully described in Attachment A. RESOLUTION 19306.

F. Finance Committee

1. The Board unanimously approved the purchase of certain capital equipment as listed in Exhibit A, for costs not to exceed the amounts shown, to be paid out of available capital funds. RESOLUTION 19307.
2. The Board unanimously approved the donation of a CT scanner to the Cleveland MetroParks Zoo. RESOLUTION 19308.

G. Legal and Government Relations Committee

1. The Board unanimously approved the continued medical staff appointment and privileges of the providers identified in Exhibit A until such time as their applicable board certification(s) is reactivated (at which time their appointment and privileges will be reinstated in full) or through June 30, 2020, whichever occurs earlier. RESOLUTION 19309.

H. Nominating Committee - No Meeting

I. Patient Experience Committee - No Meeting

J. Quality and Safety Committee - No Meeting

3. President and CEO's Report

Dr. Boutros reported that there will be a follow-up interview to The City Club of Cleveland video presentation on June 7, 2019, and that of the 2019 Annual Stakeholders Meeting held on June 28, 2019, by WKYC Let's Be Clear Rolling Newsroom on the Main Campus with the construction of the new hospital in the background. Susan Fuehrer was welcomed to MetroHealth as the President of the Institute for H.O.P.E. reporting to Dr. Nabil Chehade and he noted she was the former Chief Executive Officer for the VA Northeast Ohio Healthcare System. Former Board of Trustees Chair Tom McDonald was recognized and honored with the Dr. Eli Crew Community Service Excellence Award from the Ohio Hospital Association; the current Board of Trustees Chair Vanessa Whiting was named 2019 Professional of the Year, will be recognized in November 2019 at the Black Professionals Association Charitable Foundation Scholarship & Awards Gala, and was also recognized in Crain's Cleveland Business as a 2019 Woman of Note. Dr. Boutros reported that the pediatric care partnership with University Hospitals Rainbow Babies & Children's Hospital is functioning smoothly.

4. Nursing/Magnet Report - Melissa Kline, Chief Nursing Officer

Ms. Kline reported that Kelly Gilhousen, a nurse in the Neonatal ICU, will be receiving the National Association of Neonatal Nurses 2019 Navigator Award at their annual conference held on October 10, noting this national award is given to recognize a neonatal nurse that consistently demonstrates the power of mentoring. As of June 30, 2019, the year-end goal and long-term plan since 2011 based on the Institute of Medicine's Future of Nursing: Leading Change, Advancing Health recommendation of reaching 80% BSN nurses at MetroHealth had been completed and thanked everyone for their support.

5. Medical Staff

A. Report of Medical Staff President - Dr. Sandra Werner

Dr. Werner began with an introduction of Dr. Jessica Lovich-Sapola as President Elect of the Medical Staff who will be succeeding Dr. Werner next year. The MetroHealth System Board Members are invited to the next Medical Staff meeting held at the DoubleTree Hotel in Independence on August 27, 2019, at 5:30 p.m.; at this meeting two departments will speak of and share the great things happening at MetroHealth in their area. Two Great Catch Safety Awards, safety being one of the major goals of the Medical Staff, were presented to: Emily Doycich, a Resident in the Pharmacy Practice, caught an allergy that was noted at an outside pharmacy and not at a MetroHealth location that prevented a potentially bad interaction; and Eleni Petrakis, a Staff Pharmacist and a PharmD, caught a patient's weight that was improperly entered and saved the patient from receiving an incorrect dose of chemotherapy. Other providers that received recognition: Robert Grabowski, an APRN, completed his doctorate of nursing practice degree at OSU and works with Life Flight Operations; and Elva Thompson, an RN from the Emergency Department, completed the advanced practice registered nursing degree and was recognized as the Outstanding Preceptor of the Year. At the request of Dr. Werner, Ms. Whiting made a motion and the Board unanimously approved the Medical Staff Appointments, Actions and Reappointments for July 2019, as well as the Medical Executive Committee Minutes of June 14, 2019. Dr. Werner also stated that a month of continuing medical education grand rounds will be held to help providers deal with multiple aspects of opioid disorders. Dr. Boutros reported that MetroHealth continues to reduce opioid prescribing, noting that in 2018 there was a 25%-27% reduction from 2017 and thus appears to be on track for another 21%-23% for 2019.

B. Approval of Medical Staff Providers Appointments, Actions and Reappointments - May 2019

1. The Board unanimously approved the Medical Staff Providers Appointments, Actions and Reappointments for July 2019. RESOLUTION 19310.

C. Medical Executive Committee Minutes - June 14, 2019

D. Report of Case Western Reserve University (CWRU), School of Medicine - Dr. Patricia Thomas

There was no report from Case Western Reserve University School of Medicine in Dr. Thomas' absence.

6. Audit and Compliance Committee

A. Report of Committee Chairperson McDonald

Ms. Wahl began the report in the absence of Committee Chair McDonald stating that 22% of the Ethics and Compliance Work Plan is completed and 34% is in progress. Feedback from the World's Most Ethical Company application has been received and MetroHealth's eligibility for application of the 2020 recognition year has been approved. Areas of improvement for submitting our application for next year have been identified. The Compliance hotline known as MetroHealth Ethics Line (MEL) is being tracked, and the reports show MetroHealth is below the national benchmark which is attributed to the newness of the hotline service considering it has not been in place for a year, noting Employee Relations and HIPAA Privacy tend to be the highest volume of calls received. The Code of Conduct established and approved by the Board last year was reviewed and a resolution requesting non-substantial modifications due to changes in policies was approved at the beginning of the meeting, noting one change is that the entire Code of Conduct is being translated into Spanish and will be available on the metrohealth.org website. The conflicts of interest related to the review and management of research from CWRU has been transitioned to MetroHealth; a conflicts of interest committee is being formed and work is being completed with MetroHealth's research personnel to manage the process. Dr. Boutros reported that if an individual were to research any federal website for grants received by The MetroHealth System, the answer would be zero because up until now all grants were received by CWRU.

Mr. Richmond reported that RSM, MetroHealth's external auditor, completed their second five-year term, and the Auditor of State recently granted RSM another five-year term. MetroHealth engaged the services of NV5 as the Construction Monitor as a commitment when going to the capital markets to borrow funds for the hospital construction; NV5 will be generating a quarterly report on the construction project to this Committee. MetroHealth received the Ohio Auditor of State Award for Excellence in its 2018 financial reporting. Jim Mylen, a Partner in KPMG and MetroHealth's Director of Internal Audit, continues to manage and handle the internal audit and performs quarterly analytics covering the entire population instead of completing a sample testing for areas that are of high risk such as payroll and segregation of duties, as well as supporting and participating in the financial supporting in a governance program. A financial reporting disclosure committee was implemented in the last quarter of 2018 (similar to those compliant with the Sarbanes-Oxley Act) that reviews and attests to the overall financials; while MetroHealth is not a publicly traded company, the organization has adopted similar practices to continue to strengthen the overall control environment. John Croy, Director of RSM's Construction Risk Advisory Services, updated the Committee on additional services provided by RSM concerning the large Transformation projects. David Fiser, Chief Information Officer, reported updates on the cybersecurity program and the continued focus on educational awareness on cyber phishing attacks. Last, our Security Operations Center (SOC) for disaster recovery and continuity of operations was moved from Elyria to the highest level of security at the Involta Data Center in Akron.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. 2019 External Audit Update
 - b. 2019 Compliance Update
 - c. 2019 Internal Audit Update
 - d. Transformation Project Construction Cost Review
 - e. Cyber Security & IT Update

7. Community Engagement Committee

A. Report of Committee Chairperson Hairston

Mr. Hairston stated there were great presentations from staff members. Most of the discussions centered around the Community Trauma Institute, with the communities of Lakewood and Lyndhurst doing exceptionally well; one of the Board Members suggested presenting the report to the communities involved. Another discussion included the health disparities data report, stating that the Committee has made a recommendation to adjust the charts involved. Mr. Hairston reflected that the Community Engagement Charter should be revised to reflect the changes being made. He also reported learning that MetroHealth will be on site providing first aid and medical staff on bicycles at the Party in the Streets celebrating the 150th anniversary of the Cleveland Public Library held on Saturday, July 27, 2019.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Health Disparities Data Report
 - b. MetroHealth Community Needs Assessment Review
 - c. MetroHealth Trauma Institute
 - d. MetroHealth Announced Initiatives & Community Engagement Meetings

8. Diversity Committee

A. Report of Committee Chairperson Anderson

Ms. Anderson reported the Diversity Committee met, had nothing substantial to report, and looks forward to further future reporting.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Office of Inclusion & Diversity Update
 - b. Provider Recruitment Update
 - c. Supplier Diversity
 - d. Campus Transformation & Non-CT Construction Facilities

9. Executive Committee - No Report

10. Facilities and Space Committee

A. Report of Committee Chairperson Monnolly

Mr. Monnolly reported that the Committee was introduced to Margaret Hewitt, the new Director of Planning, Design and Construction, who has an architectural degree with 25 years' experience. Karen Dethloff provided the Facility Management report: 75 utility outages occurring through June; two generators at the Main Campus and one chiller required refurbishing; OBC experienced four power outages, one internally and the other three from external sources; a major outage occurred in Cleveland Heights as a result of a transformer failure in a building nearby with systems disrupted and the tube system, a security door, and boilers needing to be reset; and the Brecksville Ambulatory Surgery and Health Center used its generator backup after experiencing an hour and a half power outage due to a fallen tree. Walter Jones provided an update on the Campus Transformation, noting as Dr. Boutros stated that MetroHealth committed \$288 million to the Transformation and as of July 23, 2019, have spent \$74 million in contracts that are

now in progress. Turner Construction submitted 40 bid packages to support MetroHealth's Guaranteed Maximum Price (GMP) which will be presented at the September 2019 Board meeting. Other projects reported are: the drilling process for the caissons are half completed; View Road is complete; and Southpoint Drive is 85% completed. Mr. Jones reported that MetroHealth is still on time and on budget with the Campus Transformation. Next steps for the Campus Transformation include: second week of August the cast in place for the concrete stair towers A (west) and C (east); the week of August 5 will begin the erection of steel for the Central Utility Plant (CUP) facility; the week of August 12 will begin the tower crane erection; and in September the cast in place concrete will begin for Core B which are the main elevators and stairwells and the caissons will also begin at West Southpoint Drive. The steel for the hospital will start in January 2020 with the exterior skeleton of the building to begin approximately March 10, 2020.

Ms. Anderson reported that on July 12, 2019, approximately 100 individuals attended an event to give minority females and small businesses an opportunity to build relationships with larger trade contractors that participate in the Campus Transformation with hopes to develop relationships and ongoing working relationships in the construction of the hospital. Other opportunities for diversity and inclusion being reviewed are facilities and procurement to give small businesses opportunities in other areas in the hospital.

Dr. Boutros added that small business and minority owned businesses were given three unique opportunities: the bid packages were broken down in significantly smaller sizes to give people opportunities to work with different businesses; an Owner Controlled Insurance Program put in place by MetroHealth to remove the barrier of bonding from the smaller companies; and a PLA was also put in place by MetroHealth which means all work is to be completed within the fence by the union and permits non-union workers to be assigned a job with the union and, once the job is finished, they have no further obligations with the union.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Introduce Director, Planning, Design and Construction
 - b. Facilities Management Update
 - c. Campus Transformation Update

11. Finance Committee

A. Report of Committee Chairperson Moss

Mr. Moss reported that the Committee meeting was held on July 17, 2019, with Mr. Richmond presenting a financial statement review for the six months ended June 30, 2019 and comparisons from the same period in 2018. The Earnings Before Interest, Depreciation and Amortization (EBIDA) was \$50.2 million, an increase of \$3.1 million or 6.5% and \$2.9 million better than Target; the EBIDA increase is attributed to net patient service revenue and growth in retail and contract pharmacy operations and partially offset by growth in salary, wages and benefit costs, as well as patient care supply costs, noting the EBIDA margin was 8% and consistent with this period in 2018. Operating Income was \$20.7 million, an increase of \$3 million or 17.1% increase from 2018. Net Income was \$38.5 million, an increase of \$19.6 million or 103.5% and a margin of 6.1% versus 3.1% increase from 2018. Net investment growth was \$17.8 million compared to \$1.2 million. Revenue was \$625.1 million compared to \$590.4 or an increase of approximately \$35 million or 5.9% which is an increase of \$10 million more than Target. Operating Expenses were \$574.9 million compared to \$543.2 million or an increase of \$31.7 million or 5.8% or \$6.8 million more than Target. The Balance Sheet indicated total assets of \$1.930 billion, an increase of \$52.8 million from 2018 due to the strong

investment performance of the Selection Assurance Captive and an increase of capital assets of \$36.9 million from prior year-end balances due to Transformation planning and construction. Total liabilities were \$2.243 billion indicating an increase of \$14.0 million from 2018. Geoff Himes, Vice President of Finance, gave a review on the capital budget process, noting approximately 38% reflects EBIDA, 90% focuses on routine, replacement, and strategy purchases with respect to information technology, facilities and clinical operations and all capital projects of \$1 million must be approved by the Board of Trustees. An update on the Charge Description Master (CDM) and Pricing Transparency was given by Jackie Woolnough, Director of Revenue Integrity. Lastly, 22 professional charges and 831 technical charges were changed or added to the CDM between January and June 2019.

Mr. Richmond reported the State of Ohio Budget was signed into law on July 18, 2019; opportunities for MetroHealth included the care innovation and community improvement program, more commonly known as the physician or professional Upper Payment Limit (UPL) program and the hospital UPL that remains in the final version of the Budget. MetroHealth received a three-year approval from the Centers for Medicare & Medicaid Services on July 19, 2019, concerning the supplemental payment funds. In 2014 the Healthcare Financial Management Association (HFMA) recognized The MetroHealth System as the nation's first adopter of patient financial communications best practices. The focus over the next four to eight weeks will be on the Consumer Reports Patient's Financial Bill of Rights introduced in September 2018 that contains 12 components.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Second Quarter 2019 Financial Results
 - b. Second Quarter 2019 Operating Performance Volume
 - c. 2019 Capital Projects Review
 - d. Schedule of Charges Update

12. Legal and Government Relations Committee

A. Report of Committee Chairperson Whiting

Ms. Whiting stated that the Committee met on June 12 and Michael Dalton provided an overview of the state budget concerning the professional upper payment limits and the hospital supplemental payment; key legislative and administrative initiatives were discussed in Executive Session. Mr. Dalton identified some state policy priorities such as Medicaid and reimbursement, noting that MetroHealth is aligned with rural hospitals and found it to be the first time an urban hospital has reached out and formed a collaboration with other public hospitals then end result forming a coalition. Laura McBride gave an impressive Risk Management report in Executive Session, discussing pending litigation and claims, employment liability, professional liability, workers' compensation and cyber risk. Michael Phillips updated this Committee on the Ad Hoc Governance Committee activities and the proposed changes in the Bylaws, with a recommendation that a Governance Committee be formed with a permanent charter and the Bylaws to be discussed at the meeting today and hopefully adopted.

B. Non-Consent Agenda

1. Action Items - None
2. Information Items
 - a. Government Relations Update
 - b. Risk Management Report Update
 - c. Bylaws/Governance Committee Update

- 13. Nominating Committee - No Meeting**
- 14. Patient Experience Committee - No Meeting**
- 15. Quality and Safety Committee - No Meeting**
- 16. Foundation and System Philanthropy Report - Kate Brown - President, The MetroHealth Foundation and MHS Chief Development Officer**

Ms. Brown reported the 2019 Annual Stakeholders Meeting held on June 28, 2019, has brought to the forefront great activity involving the campaign, noting that it brought about interest from three major corporations supporting MetroHealth. The campaign has raised \$46 million of the goal of \$100 million and are on track to exceed the 50% mark by year end, with hopes to exceed the \$100 million goal. Mr. and Mrs. Tom McDonald hosted an event at their home to introduce MetroHealth to their friends and colleagues. A discussion was held with the Bernstein Group as a follow up with Mr. O'Neill, Dr. Boutros, Ms. Brown, and Mr. Richmond concerning a reception to be held at the offices of Alliance Bernstein on November 6, 2019, at 5 p.m.; Eric Glass, a member of the Municipal Impact Investment Policy Group at the Bernstein Group, will hold a panel discussion with Dr. Boutros. On the Foundation side, eight new Foundation Board Members will begin their onboarding process in August, which entails a year-long process of relationship building and learning.

Mr. O'Neill added that the Foundation is trying to raise the profile of the onboarding program process for new Foundation members to a national level and researching a couple large forums and locations. In reference to the campaign, when Ms. Brown stated the \$100 million goal, approximately 40% is targeted towards community aspects of the Transformation, which would include the park and some other amenities; funds raised thus far have been allocated to approximately 60% on the programming side to focus around the community aspects such as community investments. ResultsOHIO is a new program that the State of Ohio Treasurer's Office is forming to include the topic of social impact funds that not only MetroHealth could receive assistance, but donor opportunities could result as well.

A motion was unanimously passed by roll call vote to go into Executive Session (9:05 a.m.) to discuss trade secrets and matters required by law to be kept confidential.

Following the Executive Session, the meeting reconvened in open session at approximately 9:50 a.m.

17. Other Board Items

A. Approval of Excess Liability Insurance Coverage

The Chair noted that the Chief Legal Officer provided information concerning a recommendation for the approval of the purchase of an excess liability insurance policy. There being no further questions, the Board unanimously approved the purchase of an excess liability insurance policy to cover certain outpatient facility operations as identified in Attachment A, paid out of operating funds, from ProAssurance Specialty – for an additional \$5,000,000 of coverage in excess of existing coverage, for the policy period of January 1, 2019, through December 31, 2019, with a premium not to exceed \$139,306.
RESOLUTION 19311.

B. Approval of Amended and Restated Bylaws for the Board of Trustees

The Chair noted that the Chief Legal Officer provided information concerning a recommendation to approve the Amended and Restated Bylaws as discussed with the various Board committees. There being no further questions, the Board unanimously approved the

Amended and Restated Bylaws for the Board of Trustees in the form attached as Exhibit A.
RESOLUTION 19312.

The meeting adjourned at approximately 10:05 a.m.

NEXT MEETING: September 25, 2019 (WEDNESDAY) - 8:00 a.m.

The MetroHealth System

Respectfully submitted,

Vanessa Whiting, Chairperson

Akram Boutros, M.D., FACHE
President and Chief Executive Officer